EMPHASIS ON HUMAN RESOURCE MANAGEMENT IN QUALITY IMPROVEMENT – A CASE STUDY OF QUALITY AWARDS’ CRITERIA

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Abstract
Quality awards have become quite popular in the recent times and are even regarded as corporate status symbols. Historically it has been recognized that people play a major role in providing quality and unless the people are motivated and committed towards quality, improvements will not occur. This fact has been well taken into account while developing the criteria for the awards. In this paper the role of human resources management in improving the quality is examined by studying the emphasis on human resources with respect to the criteria involved in different quality awards. The objective is to ascertain the importance attached to the human resources management and hence to quantify their contribution towards becoming an award winning company. Different Indian and international awards have been studied in terms of the criteria for deciding the winners and the significance of human resource management is highlighted. It is observed that the human resource aspects account for 10 to 15% of the overall criteria in the award structure with leadership and management of people being the prominent categories being verified while deciding the awards. The award criteria of both the Indian and the international awards confirm to this finding clearly indicating the emphasis on the human resource management.

Key words: Human resources, Quality, Awards, People, Evaluation Criteria.

INTRODUCTION
Winning the quality awards and business excellence awards is now becoming a favorite objective in the corporate agenda. According to Koura (2004), the National Quality Award (called as NQA) is one of the typical example of an international concern on Total Quality Management (TQM) and enacted in 67 countries as of 2004 as “Quality Award”. These awards are inspired from the Deming Prize of Japan instituted in 1951, Malcolm Baldrige National Quality Award (MBNQA) instituted in 1987 in the U.S.A., and European Foundation for Quality Management (EFQM) and the European Quality Award instituted in 1991 (EQA). The MBNQA later spread to North and South America, and Asia, and the EQA to the entire Europe,
the Middle East, and Africa. These Quality Awards have acted as catalysts for spreading and promoting TQM across various countries, (Abusa, 2011). Incidentally the quality awards have motivated the organizations to adopt quality improvement tools and to excel in their performance, as stated by Bhat and Jagadeesh (2009).

Winning a quality award is both a matter of prestige and also a testimony to a company’s ability to maintain high quality standards. Obviously organizations are spending more time, efforts, and money in preparing to win the quality awards and hoping to hog the limelight. Though there is a proliferation in the awards only a few awards have retained their sheen and have become a stamp of credibility and universal recognition. Typically it is thought that quality awards are given based on the quality of outputs namely products and services offered by the company. But it is not so. The criteria for quality awards involve a variety of factors which are directly or indirectly responsible for a company’s performance as reflected in the quality of the outputs. Further several authors for example Besterfield (1999), Evans and Lindsay (1999) and Summers (2005) have highlighted that people play a major role in making a company an award winner. It is clearly stated that people are responsible for implementing quality standards and all the quality initiatives thrive under a supportive and encouraging top management. Early proponents of quality often referred to as Quality Gurus that include Edward Deming, Joseph Juran, Philip Crosby, and Armand Fiegenbaum have stated that quality improvement will not happen without the active and meaningful participation of the people concerned. Bendell, Penson, and Carr (1995) have summarized the approaches suggested by the quality gurus and have indicated the importance attached to the human resources in quality improvement. In this background the present paper looks at the different national and international quality awards and provides a critical view of the criteria followed by the quality awards with respect to human resources. The main objective is to check the importance given to the human resources and ascertaining the role played by people in ensuring the quality of the products and services offered by a company. The paper also tries to quantitatively ascertain the degree of importance given to the human resource management by looking at the awards criteria and concludes.

This paper first provides a glimpse of the awards in general and later about the quality awards and the criteria used in quality awards. Then the role of the people and the importance of human resources management are investigated to ascertain their contribution towards quality improvement. Considering the huge number of awards the paper limits the number of awards under consideration here to only those that are internationally well known and highly acclaimed. The emphasis on human resources in each award’s criteria is discussed and debated to throw light on the important aspects of human resources management. The factors that need to be concentrated while aiming for quality improvement are illustrated and the linkage between the human resource and quality is reinforced.
Why awards?

Awards are a part of the history of civilization and have always occupied a prominent place in the society. Bravery awards and exemplary awards are the most commonly seen awards through the annals of civilization. Awards are usually considered as recognition of performance and honoring of achievements. Typically awards are conferred by national or international agencies, professional associations, Government or universities. The importance attached to an award may vary because of perception rather than any intrinsic value. Hence any attempt to compare awards directly may prove to be illogical. Further over a period of time, the value of an award may significantly change because of changes in factors like selection criteria, integrity of judges involved in selection, and also in some cases undeserving organizations becoming the winners. This to some extent has dampened the spirit of winning the awards and also eroded the value of the awards. But the charm of awards continues to lure companies and individuals to make them sweat for winning the awards. Quality awards are no exception and reveal a similar trend as other awards. While the real benefits of the awards continue to be debated, the number of companies showing interest in applying for the awards continues to rise.

Quality awards – An overview

The practice of giving quality awards to organizations based on performance and adoption of certain best practices appear to have emerged as a means of encouragement by the governments and professional agencies towards improving quality of products and services. Grigg and Mann (2008) state that the national quality awards (NQAs) and business excellence awards (BEAs) are a way of formally and publicly recognizing the efforts of organizations that have resulted in significant improvements or achieving world-class performance as assessed through a framework based on a set of core quality management principles.

In the corporate history the Deming Award instituted by the Japanese Union of Scientists and Engineers (JUSE) to honor Dr. Edward Deming, happens to be oldest quality award. In the beginning the eligibility to participate was limited to Japanese companies and was later extended to companies from other countries too. Interestingly it was the quality based success and dominance of the Japanese companies in the USA market that made the US Government to institute the Malcolm Baldrige National Quality Award (MBNQA) to encourage and recognize the homegrown US companies. Using similar or modified criteria other countries too started setting up of quality awards and the number of quality awards instituted across the world continues to rise every year. Both government and private sectors have set up different awards in many countries. Every year ‘Quality Progress’ published by the American Society for Quality announces the “Annual Quality Award Listing” usually in the month of August. Both the US
National Awards and the awards set up in other countries are listed along with a brief profile. A complete listing can be seen at www.asq.org. Some of these quality awards are open to both individuals and organizations and some are limited to only organizations. Quality Progress provides an annual listing of awards and categorizes the awards as National, International, Government, Automotive, Regional and State awards. Awards in the listing are organized by type (national or international, for example), the award’s name and sponsor, criteria, contact information and notes. The list no doubt has increased in size with more and more quality awards being added each year.

The number of award aspirants too has gone up in a large proportion with more and more companies participating in the award process. According to Baldrige performance excellence program (2013), the annual number of applications for the Malcolm Baldrige National Quality Award has increased from 37 in 2001 to 69 in 2011. Further, state, regional, local and other award programs that are members of the Alliance for Performance Excellence received 1,358 applications in 2010, compared with 966 in 2006. Similarly other countries too have witnessed a surge in the number of applications for the awards. The broad aims of quality awards are described as follows (Ghobadian and Woo, 1996):

- Increase awareness of the importance of quality management because of its contribution to superior competitiveness;
- Encourage systematic self assessment against established criteria and create awareness simultaneously about market expectations;
- Stimulate sharing and dissemination of information on successfully deployed quality strategies and on benefits derived from implementing these strategies;
- Promote understanding of the requirements for the attainment of quality excellence and successful deployment of quality management;
- Stimulate organizations to introduce a quality management improvement process

However, the Malcolm Baldrige National Quality Award has three central purposes:

- To promote awareness and understanding of the importance of quality improvement to a nation’s (USA) economy.
- To recognize companies for outstanding quality management and achievement, and
- To share information on successful quality strategies.

In this paper, for the sake of comparison pertaining to human resources management the quality awards are broadly categorized as “Indian” and “international” based on whether they are offered in India or outside. In India the awards have been constituted by professional groups or private foundations whereas in the USA almost all the states in the USA have instituted awards in addition to those given by the US federal government. Some awards are also given
by professional associations and private companies. Most of the awards are open to manufacturing and service industries and under different categories based on size, type of funding, regional aspects and number of employees. Some awards are sector or domain specific like Acclaim Award given by American Medical Group Association, which recognizes quality improvement efforts led by physician directed organizations that improves health outcomes. Such special category of awards are not considered in this paper.

Role of Human Resources in quality improvement

The quality of a product or service is directly linked to the ability of the people who create it and also depends on the attitude of the people towards providing quality to the customers. Thus quality and human resources are inexorably linked and in spite of the rising degree of automation of manufacturing and service activities the importance of people has not diminished. From the time the concept of quality management expanded to include the entire organization, the term “total quality” became a common parlance to describe the quality improvement initiatives. Total quality approach implies, focusing all the resources of all business functions on meeting the needs and expectations of the customer.

Long back, several authors have explored the importance of committed and sincere workforce to produce products and services that possess a high degree of quality. In particular the TQM movement strongly supported the role of people in quality improvement. According to Chorn (1991) the TQM way of thinking has stressed everyone’s responsibility in improving the quality in an organization. Further it is suggested that employees must be trained in the related processes and participate fully shouldering responsibility and accountability. Similar views are proposed by Palmer (1992). Continued work in the new millennium on the relationship between quality management and human resources has confirmed the earlier findings. Bou and Beltran (2005) have explored the relationship between the organizational performance and the quality culture practiced by the human resources in the company. Birdi et al. (2008) through a study of the productivity of 308 companies over 22 years have commented on the strategic human resource management practices like empowerment, extensive training and teamwork, which go a long way in quality improvement. Similarly Perdomo-Ortiz, et al. (2009), Malik, et. al. (2010) and Fusi (2011) have illustrated how human resource management helps to improve the organizational performance. Bahri, et. al. (2012) have investigated the linkage between TQM and human resources and have indicated that quality improvement happens only when people in the organization are properly aligned towards the quality goals and are trained accordingly.
LITERATURE REVIEW OF COMPARISON OF QUALITY AWARDS

The emergence of quality awards in the nineteen eighties and nineties and subsequently their popularity and spread across the globe prompted several researchers to study the awards to explore the similarities and differences along with the cost-benefit analysis. The observations and comments made by different authors are used here with a focus on the HR aspects.

In an early paper Bohoris (1995) has compared the Japanese, European and American quality awards and discusses their significance to business. He states that the Deming Prize focuses more on the application of statistical methods, company-wide quality control, continuous improvement and relation with suppliers. It is further stated that the major difference between the Deming Prize, the MBNQA, and the EQA, is certain examination criteria such as human resource management, customer satisfaction, impact on society, and operational results are not included in the former which are essentially included in the European and the American quality awards. Laszlo (1997) has compared the American and the Canadian quality awards and states that the awards emphasize organizational successes owing to an overall quality management approach as opposed to celebrating specific quality improvement initiatives within establishments. This organizational success in turn depends on human resources management is well presented by that author. A study conducted by the Industrial and Systems Engineering Department of National University of Singapore, (ISE News,1998) has compared the National Quality Awards (NQA) from various countries from Africa, North America, Europe, Asia, Latin American, the Caribbean region, the Middle East, and the Oceanic Islands. In this study a total of ten major evaluation criteria and 35 sub-criteria were used as the framework for the comparison. They include: (1) Leadership, (2) Impact on Society, (3) Information and Analysis, (4) Strategy and Policy Planning (5) Resources, (6) Customer Management and Satisfaction, (7) People management, (8) Process Management, (9) Performance and Management of Suppliers/ Partners, and (10) Business Results. The study reports that people management happens to be the second most important factor with a weight of 17%. Xie, et al. (1998) have compared nine major national quality awards (three European, two North American, three Asia Pacific and one South American) and comment that many criteria are similar among the awards but differences occur based on the country’s development stage. Among the awards’ criteria they have compared, human resources and leadership are commonly noticed. Vokurka, et al. (2000) have compared five quality awards: the Malcolm Baldrige National Quality Award, the European Quality Award, the Deming Prize, the Canadian Quality Award and the Australian Quality Award. While selecting these awards they have reasoned that the countries from which these awards are administered represent a significant amount of the world’s production of goods and services and, collectively, account for approximately 74% of the world’s gross national product as on that time. They comment that overall, the awards highlight
customer driven quality through streamlined processes, product design, leadership, human resource development and customer focused strategic plans. Across these awards it is observed that the HR aspects range from 10 to 20% and leadership accounts more or less 10% of the overall criteria.

While comparing the MBNQA with the Canadian Award for quality, Taylor (2000) comments that both the awards recognize top performers in terms of quality of products and service and also organizational performance. Miguel (2001) has provided an analysis of companies exploring the organizational practices in 51 Brazilian companies and it is interesting to observe that the leadership and people constitute 190 points out of the total 1000 points in the award criteria. In another paper, as many as sixteen national quality awards are compared by Tan (2002) who has identified the similarities and differences across these awards states that the two points strongly looked at are leadership and human resources management. Considering the differences between the West and the East in terms of culture and practices, Khoo and Tan (2003) have compared the MBNQA with the Deming Prize and the Japanese Quality Award. They point out that the differences among these awards exist because of certain differences in culture and individual freedom and however there seems to be an agreement as far as the human resource management and leadership are concerned. They further comment that the framework of these awards very much includes the TQM concepts. Mavroidis, Toliopoulou, and Agoritsas. (2007) have reviewed 31 major quality awards in the European Union and comment that the participation in this award process by a country depends upon the political system of that country. Focusing on the changes in the award’s criteria Kumar (2007) has compared the Deming Prize and the MBNQA and points out that the award criteria have undergone changes and states that the two awards do not consider the technical quality alone as in the past but look at the overall organization success because of human resource related factors. While comparing the awards Singh, Khan, and Grover (2012) have developed a visual representation using a digraph and a mathematical model using matrices. From their study it is evident that the human resource management and people management account for 9 to 20% of the total criteria across different awards. After studying the award winning companies in Sydney and Singapore, Hasan and Hannifah (2013) have concluded that the quality approach used by the award winning organizations is similar to each other and the way decisions are deployed is based on the organization’s unique needs, cultures, systems and processes.

An overall picture of the different quality awards set up across different parts of the world is conveniently given by Mohammad and Mann (2010) who have categorized the international quality awards according to various qualitative aspects. While it is a bit dated, the list is used
here to extract two important aspects namely the number of awards set up at different regions on a continental basis and the model used to develop the award.

Figure 1: Number of Quality Awards across different regions of the world

![Bar Chart]

Source: Mohammad and Mann (2010)

Table 1 lists the total number of awards at different regions of the world and also provides a comparative assessment of the award criteria used. The table indicates how majority of the awards are modeled using MBNQA and EFQM criteria and Figure 2 shows the distribution of award criteria. Further it should be noted that some of the countries have followed a combination of two or three international awards to develop the award criteria while some countries have developed the award criteria indigenously. These two categories are shown in Figure 2 as “others” and “not known” Some of the awards have a mixed model taking the best of the well known awards namely MBNQA, EFQM and the Deming prize. It is evident that criteria of MBNQA and EFQM awards provides the basis for more than fifty percent of the awards and the EFQM based awards outnumber the other awards.

Table 1: International Quality Awards and award criteria at a glance

<table>
<thead>
<tr>
<th>Region</th>
<th>Total awards</th>
<th>MBNQA Based</th>
<th>EFQM Based</th>
<th>Not known</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>4</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Asia</td>
<td>34</td>
<td>14</td>
<td>5</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Europe</td>
<td>40</td>
<td>4</td>
<td>25</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Latin America</td>
<td>13</td>
<td>5</td>
<td>0</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Northern America</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Oceania</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>96</td>
<td>27</td>
<td>32</td>
<td>18</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Mohammad and Mann (2010)
HUMAN RESOURCES (HR) CRITERIA IN QUALITY AWARDS

Quality awards have been extensively analyzed by several researchers for many interesting commonalities or to find improvements that happened consequent to winning the awards. Having observed a strong relationship between HR practices and quality of performance as well as organizational performance, the criteria for quality awards right from the oldest namely the Deming Prize have included the human resources management as a major category. This became a common practice across all quality awards instituted later, as these categories carried substantial weight or score in the overall assessment. Apart from the awards, business excellence models (BEM) also followed a similar framework and have included HR related criteria as a compulsory requirement. Table 2 gives the important HR aspects of the different Indian awards, while Table 3 gives similar aspects pertaining to international awards.

Table 2: Quality Awards and Business Excellence Models in India

<table>
<thead>
<tr>
<th>No.</th>
<th>National Awards</th>
<th>HR Related criteria</th>
<th>Instituted by</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CII-EXIM Bank Award for Business Excellence</td>
<td>Leadership 10%</td>
<td>Confederation of Indian Industry (CII) and Export-Import bank of India in 1994</td>
</tr>
<tr>
<td></td>
<td></td>
<td>People management 9%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Golden Peacock National Quality Award</td>
<td>Leadership 10%</td>
<td>Institute of Directors in 1991</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HRM 10%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Rajiv Gandhi National Quality Award (RGNQA)</td>
<td>Leadership 10%</td>
<td>Bureau of Indian standards in 1991,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>People management 9%</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Ramakrishna Bajaj National Quality Award</td>
<td>Leadership 10%</td>
<td>Indian Merchants Chamber</td>
</tr>
<tr>
<td></td>
<td></td>
<td>HRM 10%</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>RPG Organizational Excellence Award</td>
<td>Leadership</td>
<td>Corporate Quality Center of the RPG group in 1999.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>People Management</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Tata Business Excellence Model (TBEM)</td>
<td>Leadership</td>
<td>The TATA group in 1995</td>
</tr>
</tbody>
</table>

Source: Bhat and Jagadeesh (2009)
Table 3: Quality Awards and Excellence Models – International

<table>
<thead>
<tr>
<th>No.</th>
<th>International Awards</th>
<th>HR related criteria</th>
<th>Region</th>
<th>Number of award criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Australian Quality Award</td>
<td>Leadership and people focus</td>
<td>Australia</td>
<td>7</td>
</tr>
<tr>
<td>2</td>
<td>Canadian Quality award</td>
<td>Leadership and people focus</td>
<td>Canada</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Deming Prize</td>
<td>Organization and its operation</td>
<td>Japan</td>
<td>8</td>
</tr>
<tr>
<td>4</td>
<td>European Quality Award (EQA)</td>
<td>Leadership, management of HR, and employee satisfaction</td>
<td>Europe</td>
<td>9</td>
</tr>
<tr>
<td>5</td>
<td>Malcolm Baldrige National Quality Award (MBNQA)</td>
<td>Leadership and workforce focus</td>
<td>USA</td>
<td>7</td>
</tr>
<tr>
<td>6</td>
<td>Singapore Quality Award</td>
<td>Leadership and HRD and management</td>
<td>Singapore</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Taylor (2000)

DISCUSSION AND CONCLUSION

Typically the HR aspects covered by the awards’ criteria include the following: leadership, human resource development, participatory environment, utilizing the full potential of the employees through people management, training, development, motivation, incentivizing the performance, employee well being and satisfaction, aligning the personnel and the organizational growth.

It is well established that quality thrives when a supportive top management exists and encourages all the quality improvement initiatives. Hence all the awards attach prime importance to leadership. As stated by Evans and Lindsay (2008) strong leadership is central to quality. The leaders direct, control, and coordinate all the activities in an organization but more than the formal roles they set examples for quality improvement. The leaders are expected to demonstrate their commitment and belief in quality practices so that throughout the organization the same culture prevails. It is further stated by Evans and Lindsay (2008) that leaders empower employees to assume ownership of problems or opportunities and to be proactive in implementing solutions and making decisions in the best interests of the organization. This demands leaders be free from autocratic styles and be open to discuss and decide.

Leaders clearly establish human resource plans to business strategy by the following activities:

- Providing opportunity for the employees to utilize their full potential by creating a high performance organization
- Attracting, developing, and retaining a diverse workforce that helps in providing the different skills required to maintain and improve the business
- Involving and empowering employees to improve processes and participate in decision making
- Recognizing and rewarding performance that contributes to organization’s growth
The strong leadership essentially transfers to percolating the quality attributes across the entire organization and results in award winning performance by the employees. Two outstanding examples are Motorola and General Electric companies winning the MBNQA under the legendary leadership of Robert Galvin and Jack Welch respectively.

In conclusion, it is possible to state that quality is a composite dimension that results due to a combination of people, methods, infrastructure, and tools and techniques. While the physical or the hard aspects are replicable and scalable, the human resources stay unique in each organization. It is these important resources that enable high class performance inside the organization leading to high quality products and services. The outputs from the organizations are visible and recognized based on quality and improve the business prospects of the companies. But it is the ability of the organizations to retain and develop the human organization that enables them to become award winning companies. The quality awards comparison clearly demonstrates why the human resources are weighted on an average from 10 to 20% along with leadership that accounts for another major part of the awards’ criteria. This paper by examining the various comparisons made by the different researchers who have studied the awards’ criteria more to distinguish one from another, emphasizes the importance of human resources in winning the quality award and reaffirms the fact that it is the people that matter in quality. The paper has not gone deep in emphasizing all the factors and sub-factors related to human resources in the awards criteria but evidences the emphasis placed on human resources in achieving quality as reflected in the quality awards’ criteria. Any new quality award is now likely to continue these existing practices to be followed in setting up the award criteria.

REFERENCES


